

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NEW YORK

Docket No.: 1:16-cv-5171 (PKC) (RML)

- - - - - x

THE LINCOLN NATIONAL LIFE INSURANCE COMPANY,
Plaintiff,

- against -

ELI INZLICHT-SPREI, individually, as trustee
and/or beneficiary of the SARA SPREI FAMILY
TRUST, and as Executor of the ESTATE OF SARA
SPREI; AVI ROSENFELD, as trustee of the SARA
SPREI FAMILY TRUST; ALAN RUBENSTEIN, as
trustee of the SARA SOREI FAMILY TRUST; and
WELLS FARGO BANK, N.A.,
Defendants.

- - - - - x

WELLS FARGO BANK, N.A.,
Cross-Claim Plaintiff,

- against -

ALAN RUBENSTEIN, as trustee of the SARA
SPREI FAMILY TRUST,

Cross-Claim Defendant.

- - - - - x

90 Park Avenue
New York, New York
December 12, 2017
11:32 a.m.

VIDEOTAPED DEPOSITION of HERMAN SEGAL, taken
before Brittany Saline, a Professional Shorthand
Reporter and Notary Public of the State of New
York, pursuant to the Federal Rules of Civil
Procedure.

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A P P E A R A N C E S :

KROLL LAW CORPORATION

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BY: GERALD L. KROLL, ESQ. (Via telephone)

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WELLS FARGO BANK, N.A.

90 Park Avenue

New York, New York 10016

BY: THEODORE J. SAWICKI, ESQ.

MELISSA GWOREK, ESQ.

COURTNEY E. QUIRÓS, ESQ.

ALSO PRESENT:

TOM DEVINE, Videographer

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S T I P U L A T I O N S

IT IS HEREBY STIPULATED AND AGREED, by
and among counsel for the respective parties
hereto, that the filing, sealing and certification
of the within deposition shall be and the same are
hereby waived;

IT IS FURTHER STIPULATED AND AGREED that all
objections, except as to form of the question,
shall be reserved to the time of the trial;

IT IS FURTHER STIPULATED AND AGREED that the
within deposition may be signed before any Notary
Public with the same force and effect as if signed
and sworn to before the Court.

1 Herman Segal

2 Q And what was the commission
3 payable to the insurance agent on a
4 20 million-dollar policy with the first
5 year premium of about \$1 million?

6 A It would be close to 100 percent.

7 Q Or a million dollars?

8 A Yes.

9 Q And in this case, was your son,
10 William Segal, the insurance agent on the
11 Sara Sprei policy?

12 A Yes, he was.

13 Q Does that mean that he was due
14 the million dollars in commissions that
15 were generated from the sale -- or the
16 issuance of the policy?

17 A No. We used Signature Capital as
18 the entity that would get the commission.

19 Q Okay. Now, as part of -- of --
20 you indicated that the family of the
21 insured would have to be onboard for the
22 entire transaction.

23 Does that mean that they were
24 made aware that the policy would be sold
25 after the two-year period and had to agree

1 Herman Segal

2 to that concept?

3 A Well, they always had the right
4 to keep the policy, if they wanted to, but
5 that would --

6 MR. SAWICKI: Go off the record
7 again.

8 THE VIDEOGRAPHER: The time now
9 is approximately 12:04. We're going
10 off the record.

11 (Discussion was held off the
12 record.)

13 THE VIDEOGRAPHER: The time is
14 12:07 p.m. We're back on the record.

15 BY MR. SAWICKI:

16 Q Thank you. Mr. Segal, you
17 indicated that the family had the right to
18 keep the policy. Was the initial concept
19 that -- strike that.

20 Was it contemplated that the
21 family would be paying the initial premium
22 as part of the issuance of this large life
23 insurance policy?

24 A If they did, they would be
25 reimbursed relatively quickly, but no,

1 Herman Segal

2 usually they would not make the premium in
3 the sense that they would risk any money.

4 Q Okay. What was the source of the
5 funding for the initial premium?

6 A Depending on the carrier and
7 depending on the situation, usually, we
8 would use Himelsein and Mandel to fund the
9 policies.

10 Q Is one of their entities known
11 as -- or called HM Ruby?

12 A Yes, that was the entity that was
13 used.

14 Q Okay. If the family decided that
15 they did not want to keep the policy after
16 its issuance, was it contemplated that the
17 family would be personally responsible for
18 any of the insurance premiums between the
19 time of issuance and the sale of the
20 policy?

21 A No, of course not. There was a
22 put option that was simultaneously executed
23 with the loan documents and the put option
24 allowed the family or the trustee to give
25 up the policy to the HM Ruby Fund and the

1 Herman Segal

2 misrepresentations on the application?

3 A Well, there was the methodology
4 that they used, but the primary target was
5 policies that they suspected lacked
6 insurable interest, so they would challenge
7 assets, they would challenge the questions
8 where the answer would be that the policy
9 was not financed and et cetera.

10 Q Did you and your entities,
11 including Signature Capital Group,
12 participate in the making of
13 misrepresentations about insured's assets
14 or the source of funding for the policies
15 when you were procuring those policies
16 during that 2007 to 2010 time frame?

17 A I plead the Fifth on that.

18 Q All right. I identified for you
19 the fact that this case is about the
20 20 million-dollar Lincoln National policy
21 on the life of a woman named Sara Sprei.

22 Did you know her personally?

23 A I did not.

24 Q Did you know her son, Dr. Eli
25 Inzlicht-Sprei?

1 Herman Segal

2 (One-page handwritten agreement
3 previously marked for identification
4 as Exhibit 40 on 10/20/17.)

5 Q Mr. -- Mr. Segal, Exhibit No. 40
6 is a handwritten agreement that Dr. Eli
7 Inzlicht-Sprei has already testified that
8 he entered into and signed.

9 Is that your signature on the
10 bottom of this one-page agreement?

11 A It appears so, yes.

12 Q Did you enter into this agreement
13 with Mr. -- with Dr. Eli Inzlicht-Sprei on
14 or about April of 2008?

15 A Apparently I did.

16 Q And was this an agreement related
17 to the Lincoln National policy on Ms. Sara
18 Sprei?

19 A Yes, it was.

20 Q Did you agree with
21 Dr. Inzlicht-Sprei as it says in No. 1 that
22 the premium payments for that policy will
23 be made by Signature Capital whether
24 directly or through third parties?

25 A Yes.

1 Herman Segal

2 Q Did you also agree that the
3 trustee would be agreed to in advance by
4 both parties?

5 A Yes.

6 Q And is that the trustee for the
7 life insurance trust that would be the
8 owner of the policy?

9 A Yes. The trustee of the trust
10 that owned the policy, yes.

11 Q Did you also agree with
12 Dr. Inzlicht-Sprei, as it says in No. 3,
13 that upon the sale of the policy or the
14 death of the insured, 5 percent of the
15 gross proceeds would go to the doctor and
16 the remaining 95 percent will go to
17 Signature Capital?

18 A That's what it says, but there
19 were other things that were understood that
20 weren't necessarily listed --

21 Q What other things?

22 A He was a client of Spiegel, I did
23 not know him until the policy was already
24 written or was about to be written or was
25 already in effect, so to speak. He wanted

1 Herman Segal

2 something in writing, most people did not.
3 Most agreements were done just by
4 handshake.

5 So it does say 5 percent, but the
6 understanding was that if there was a
7 sudden death and they actually paid out,
8 that he would get 10 percent.

9 Q So if Mr. Sara Sprei died and
10 \$20 million were paid out, you had an
11 understanding that Dr. Inzlicht-Sprei, that
12 he would get \$2 million and Signature
13 Capital would get \$18 million?

14 A That's correct.

15 Q But in the -- according to this
16 agreement, in the event of the sale of the
17 policy, prior to Ms. Sprei's death, did
18 this paragraph 3 control that is that
19 Dr. Inzlicht-Sprei was -- was supposed to
20 get 5 percent of the proceeds of the sale
21 of the policy and 95 percent would go to
22 Signature Capital?

23 A No. He certainly would have had
24 the right to make a decision as to what he
25 wanted the policy to go forward if -- in

1 Herman Segal

2 other words, if, for example, we were
3 lapsing the policy, he would have the right
4 to say don't lapse it, I will pay it going
5 forward. If he was selling it, he would
6 have the right to say let me buy it,
7 et cetera.

8 Q Okay.

9 A And that's not anywhere in this
10 agreement.

11 Q Are you saying it was
12 contemplated that he would be informed as
13 to what Signature Capital intended to do
14 with the policy and given them the option
15 to take it over or --

16 A Yes. The understanding was that
17 on all of our clients that they had input
18 after two years what we would do with it.

19 Q Okay. The next paragraph in this
20 agreement, Exhibit 40, says that nothing
21 obligates Signature Capital to maintain the
22 policy, however, should they -- and the
23 "they" being Signature Capital -- elect to
24 lapse the policy, Signature Capital will
25 pay Dr. Inzlicht-Sprei \$50,000 as

1 Herman Segal

2 about the specifics, so no, I'm sure that
3 they did not.

4 Q Was Mr. Avi Rosenfeld one of the
5 lawyers that Signature Capital used from
6 time to time for these life insurance
7 policy transactions?

8 A Yes, he was.

9 Q Do you know whether Mr. Rosenfeld
10 was the drafter of this trust agreement
11 form?

12 A I have no idea.

13 Q Turning to page 16 of the
14 agreement, Exhibit No. 48.

15 A (Complying.)

16 Q Do you recognize Mr. Avi
17 Rosenfeld's signature on that page?

18 A I'm no handwriting expert.

19 Q Page 16.

20 A (Perusing.) It looks like it
21 might be his signature.

22 Q While we have the agreement in
23 front of us, let's turn to the last two
24 pages of -- the second-to-last page is
25 entitled Resignation and Appointment of

1 Herman Segal

2 Trustee.

3 Do you know whether Mr. Avi
4 Rosenfeld resigned as trustee as of
5 August 18th, 2010 and Alan Rubenstein was
6 substituted in as a trustee for this Sara
7 Sprei Family Life Insurance Trust?

8 A I have no idea.

9 Q Do you have any understanding as
10 to why this may have been done in 2010?

11 A I do, but I don't want to rely or
12 say negative things about anyone, so I will
13 not.

14 Q Doesn't sound like a privilege
15 matter, so I ask that you go ahead and
16 answer the question, please?

17 A Well, Avi Rosenfeld was a more --
18 was less likely to cooperate, so I assume
19 that's why he was replaced, that's what
20 indeed happened.

21 Q By "less likely to cooperate,"
22 what do you mean?

23 A Less likely to cooperate on what
24 needed to be done to what was eventually
25 done with the policy.

1 Herman Segal

2 Q Does it involve the timely
3 payment of premiums or the -- or the
4 signature of sale documents or something
5 else?

6 A Well, it involved signatures or
7 involving the sale in its entirety.

8 Q Okay.

9 A And if there were any proceeds,
10 the distribution thereof.

11 Q Okay. And in 2010, were you and
12 Signature Capital acquainted with Alan
13 Rubenstein?

14 A Yes, we were.

15 Q Was he another one of the
16 attorneys that Signature Capital used from
17 time to time to be trustee of these life
18 insurance trusts for the life insurance
19 transactions?

20 A Yes, he was.

21 Q And was it your view that he --
22 that Mr. Rubenstein was someone who was --
23 was and would be more cooperative
24 concerning the sale transactions than Avi
25 Rosenfeld?

1 Herman Segal

2 A Well, there came a point in time
3 when there was friction between the
4 Spiegels and the Segals and at that point
5 there were -- there was basically a
6 dissolution of the partnership, there was
7 acrimony, there was animosity, and Mr. Alan
8 Rubenstein had allied himself or at least
9 not openly, but was my feeling that his
10 loyalties was with the Spiegels.

11 MR. SAWICKI: Okay. Gerry, we're
12 going to go to Exhibit No. 28.
13 (handing).

14 MR. KROLL: Thank you. Can you
15 give me a date, Todd.

16 MR. SAWICKI: April 1, 2008.

17 MR. KROLL: Got it. Thank you.

18 (One-page letter dated 4/1/08
19 previously marked for identification
20 as Exhibit 28 on 9/28/17.)

21 Q Mr. Segal, I put in front of you
22 Exhibit No. 28.

23 Is this a document that appears
24 on what was Signature Capital Group's
25 letterhead in 2008?

1 Herman Segal

2 A Yes, I believe that's his current
3 telephone number.

4 Q And his e-mail, right?

5 A Yes, that's one of his emails.

6 Q So as this document indicates,
7 this was -- these forms were filled out in
8 September 2010.

9 Does this refresh your memory
10 that this Sara Sprei Lincoln National
11 policy was sold to Berkshire Settlements in
12 a life settlement transaction in or about
13 September/October 2010?

14 A Well, as recently as several
15 months ago, I had no recollection of this
16 policy being sold at all and I was made
17 aware of some of these e-mails that I was
18 somehow involved and I was made aware of
19 these e-mails by people who wanted me to
20 try to put pressure on Dr. Inzlicht to walk
21 away from this case. And at that time, I
22 actually suspected that they were
23 forgeries.

24 However, since then, it's come to
25 my -- not through memory, but just from

1 Herman Segal

2 one of those people that would prefer that
3 this case go away and is telling me to do
4 what I can to make it go away.

5 Q Who else besides your son was
6 pressuring you?

7 A Well, everyone involved with the
8 case.

9 Q Please give me some names.

10 A Alan Rubenstein, Avi Rosenfeld,
11 the Spiegels, not directly, but through
12 intermediaries.

13 Q Who were the Spiegels'
14 intermediaries?

15 A Different people.

16 Q Please give me names.

17 A Well, there were people who I
18 hadn't known before and I don't know if the
19 names were real names or made-up names.
20 There were some anonymous texts that I
21 received with threats.

22 Q What names were you given whether
23 you knew them before, whether you knew they
24 were correct names or not?

25 A I was given a name of Aaron

1 Herman Segal

2 policy with him because it was Mr. Spiegel
3 that had brought him in and he was the one
4 that dealt with him.

5 Q But you were talking to Dr. Sprei
6 about other things during that time period,
7 correct?

8 A Yes.

9 Q So -- and in fact, you used him
10 as a doctor, right?

11 A Yes.

12 Q So when you were visiting him,
13 there was never a time that
14 Dr. Inzlicht-Sprei turned to you and asked
15 you what the status of the policy was or if
16 you had considered selling the policy or
17 anything else?

18 A No. I told him what I believed
19 was the truth at the time, which was that
20 the policy was being foreclosed on and it
21 didn't look like there was anything that
22 could be done, but perhaps the lender would
23 pay a few dollars just to have a smooth
24 transition to hand the policy over, which
25 is what the Spiegels had told me.

1 Herman Segal

2 to make premiums on or we were being
3 squeezed by our lender to hand them over,
4 so we had a ticking time bomb situation, we
5 would lose the policies.

6 Q We talked earlier about a
7 handwritten agreement that you had with
8 Dr. Inzlicht-Sprei, correct?

9 A Yes.

10 Q Now, you mentioned that there was
11 something that was not actually written in
12 that agreement, which was that -- but it
13 was part of the deal that he was supposed
14 to get 10 percent upon death instead of
15 5 percent, right?

16 A Yes.

17 Q Was there anything else that you
18 had agreed with Dr. Inzlicht-Sprei about
19 that was not embodied in that agreement?

20 A Well, we basically had an
21 understanding that he would get some profit
22 out of this, that he wasn't just doing this
23 just for our benefit, that he was supposed
24 to benefit from this.

25 Q Was there anything else that's

1 Herman Segal

2 not included in that written agreement that
3 was part of your deal with
4 Dr. Inzlicht-Sprei?

5 A No. Like I said, you know, an
6 understanding that before the policy would
7 be, I guess, gotten rid of however it was,
8 that he would have a right to see if he had
9 any interest in buying it, to see if he
10 thought it paid to salvage it.

11 I wasn't, you know, that aware of
12 what his mother's health was at the time.

13 Q So at the time that you believed
14 Alan Spiegel would be trying to sell the
15 policy, did you ever discuss with Dr. Sprei
16 whether he wanted to try to take the policy
17 back himself?

18 A Again, the Spiegels were the ones
19 who were dealing with him because they --
20 they had brought him in, they had basically
21 been the procurers of that policy, plus
22 they were involved with HM Ruby and they
23 were the ones who were selling policies, so
24 they were more intimately aware of the
25 circumstances.

1 Herman Segal

2 A Well, I don't have much of a
3 recollection. But in the recesses of my
4 mind, at that point, I believe the policy
5 had been, I guess, disposed of and that he
6 had the funds.

7 Q Did you know of any reason why he
8 would have the funds?

9 A I don't know if I knew that he
10 had become the trustee or if he had somehow
11 gotten them, no, I do not.

12 Q Okay. So when you learned at the
13 time that the policy had been disposed of,
14 did you have a discussion with Dr. Inzlicht
15 about that?

16 A No.

17 Q Is there a reason why you never
18 called him?

19 A Yes.

20 Q And what was that reason?

21 A Because I was not going to be put
22 in a position where I would have to lie to
23 him.

24 Q Did Signature Capital Group have
25 a bank account at Santander Bank?

1 Herman Segal

2 Q -- it's --

3 A Can you give me some --

4 Q -- it's a statement -- it's
5 statement of net worth, Sara Sprei Family
6 Statement of Net Worth as of December 31,
7 2007.

8 A Can you give me some exhibits
9 surrounding it so I should be able to find
10 it?

11 MR. KROLL: Can the reporter show
12 the witness Exhibit 44, please.
13 It's --

14 MR. SAWICKI: It should be
15 relatively early in the deposition.

16 A I got it. Thank you.

17 Q Okay. Thank you.

18 Just take a look -- you were
19 asked earlier by counsel about this
20 document, which purports to be some type of
21 statement of net worth with the Sprei
22 family as of that date.

23 It's true, sir, that you don't
24 have any reason to believe that Sara Sprei
25 was involved in creating this document, do

1 Herman Segal

2 you?

3 A No. No. We -- we -- we
4 traditionally did not require the family to
5 show the net worth that we needed to write
6 the policy because it was rare for them to
7 actually have such a net worth.

8 Q And it's also true that you don't
9 have any reason to believe that Eli
10 Inzlicht-Sprei was involved in -- in any
11 way in the creation of that document, true?

12 A That is -- that is correct, yes.

13 Q Thank you.

14 In connection with the Sara Sprei
15 Family Trust, you were asked earlier who
16 drafted it. Leaving aside who drafted it,
17 you understood that there was a trust that
18 was the owner of the policy when the policy
19 was originally procured, correct?

20 A Yes.

21 Q And is it also true that the
22 agreement that you -- "you" meaning
23 Signature Capital had, that's reflected by
24 Exhibit 40, that Signature Capital
25 controlled the trust, the Sara Sprei Family

1 Herman Segal

2 Trust?

3 A Well, not on paper, but yes, in
4 reality, the trustee took instructions from
5 us, if we needed to -- to take out a
6 paragraph or put in a paragraph or change
7 anything, yes, that is correct.

8 Q In other words, Signature Capital
9 was managing, controlling, running this
10 entire policy, correct?

11 A Yes.

12 Q Just one moment.

13 Now, earlier, in response to
14 questioning by Mr. Paneth, he was asking
15 about documentation that you had and I
16 thought I heard you say that Wells Fargo
17 had access to your documents; is that true?

18 A Well, the bankruptcy trustee had
19 the copied my computer, so Wells Fargo, I
20 told Wells Fargo that they can get it from
21 him and -- yes, it is true.

22 Q Okay. And -- and when did you
23 have this -- well, strike that.

24 Who at Wells Fargo did you have
25 this communication with about contacting